

Introduced by Senator Hall

February 26, 2015

An act to amend Section 25503.6 of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

SB 557, as introduced, Hall. Alcoholic beverages.

Existing law, known as tied-house restrictions, prohibits specified alcoholic beverage licensees from paying, crediting, or compensating a retailer for advertising or paying or giving anything of value for the privilege of placing a sign or advertisement with a retail licensee. Existing law authorizes, as an exception, a beer manufacturer, the holder of a winegrower's license, a distilled spirits rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising space and time from, or on behalf of, on-sale retail licensees at certain facilities, as specified.

This bill would make nonsubstantive changes to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 25503.6 of the Business and Professions
- 2 Code is amended to read:
- 3 25503.6. (a) Notwithstanding any other provision of this
- 4 chapter, a beer manufacturer, the holder of a winegrower's license,
- 5 a distilled spirits rectifier, a distilled spirits manufacturer, or
- 6 distilled spirits manufacturer's agent may purchase advertising

1 space and time from, or on behalf of, an on-sale retail licensee
2 subject to all of the following conditions:

3 (1) The on-sale licensee is the owner, manager, agent of the
4 owner, assignee of the owner's advertising rights, or the major
5 tenant of the owner of any of the following:

6 (A) An outdoor stadium or a fully enclosed arena with a fixed
7 seating capacity in excess of 10,000 seats located in Sacramento
8 County or Alameda County.

9 (B) A fully enclosed arena with a fixed seating capacity in
10 excess of 18,000 seats located in Orange County or Los Angeles
11 County.

12 (C) An outdoor stadium or fully enclosed arena with a fixed
13 seating capacity in excess of 8,500 seats located in Kern County.

14 (D) An exposition park of not less than 50 acres that includes
15 an outdoor stadium with a fixed seating capacity in excess of 8,000
16 seats and a fully enclosed arena with an attendance capacity in
17 excess of 4,500 people, located in San Bernardino County.

18 (E) An outdoor stadium with a fixed seating capacity in excess
19 of 10,000 seats located in Yolo County.

20 (F) An outdoor stadium and a fully enclosed arena with fixed
21 seating capacities in excess of 10,000 seats located in Fresno
22 County.

23 (G) An athletic and entertainment complex of not less than 50
24 acres that includes within its boundaries an outdoor stadium with
25 a fixed seating capacity of at least 8,000 seats and a second outdoor
26 stadium with a fixed seating capacity of at least 3,500 seats located
27 ~~within~~ in Riverside County.

28 (H) An outdoor stadium with a fixed seating capacity in excess
29 of 1,500 seats located in Tulare County.

30 (I) A motorsports entertainment complex of not less than 50
31 acres that includes within its boundaries an outdoor speedway with
32 a fixed seating capacity of at least 50,000 seats, located ~~within~~ in
33 San Bernardino County.

34 (J) An exposition park, owned or operated by a bona fide
35 nonprofit organization, of not less than 400 acres with facilities
36 including a grandstand with a seating capacity of at least 8,000
37 people, at least one exhibition hall greater than 100,000 square
38 feet, and at least four exhibition halls, each greater than 30,000
39 square feet, located in the City of Pomona or the City of La Verne
40 in Los Angeles County.

1 (K) An outdoor soccer stadium with a fixed seating capacity of
2 at least 25,000 seats, an outdoor tennis stadium with a fixed
3 capacity of at least 7,000 seats, an outdoor track and field facility
4 with a fixed seating capacity of at least 7,000 seats, and an indoor
5 velodrome with a fixed seating capacity of at least 2,000 seats, all
6 located within a sports and athletic complex built before January
7 1, 2005, ~~within~~ in the City of Carson in Los Angeles County.

8 (L) An outdoor professional sports facility with a fixed seating
9 capacity of at least 4,200 seats located ~~within~~ in San Joaquin
10 County.

11 (M) A fully enclosed arena with a fixed seating capacity in
12 excess of 13,000 seats in the City of Inglewood.

13 (N) (i) An outdoor stadium with a fixed seating capacity of at
14 least 68,000 seats located in the City of Santa Clara.

15 (ii) A beer manufacturer, the holder of a winegrower's license,
16 a distilled spirits rectifier, a distilled spirits manufacturer, or
17 distilled spirits manufacturer's agent may purchase advertising
18 space and time from, or on behalf of, a major tenant of an outdoor
19 stadium described in clause (i), provided the major tenant does not
20 hold a retail license, and the advertising may include the placement
21 of advertising in an on-sale licensed premises operated at the
22 outdoor stadium.

23 (2) The outdoor stadium or fully enclosed arena described in
24 paragraph (1) is not owned by a community college district.

25 (3) The advertising space or time is purchased only in connection
26 with the events to be held on the premises of the exposition park,
27 stadium, or arena owned by the on-sale licensee. With respect to
28 an exposition park as described in subparagraph (J) of paragraph
29 (1) that includes at least one hotel, the advertising space or time
30 shall not be displayed on or in any hotel located in the exposition
31 park, or purchased in connection with the operation of any hotel
32 located in the exposition park.

33 (4) The on-sale licensee serves other brands of beer distributed
34 by a competing beer wholesaler in addition to the brand
35 manufactured or marketed by the beer manufacturer, other brands
36 of wine distributed by a competing wine wholesaler in addition to
37 the brand produced by the winegrower, and other brands of distilled
38 spirits distributed by a competing distilled spirits wholesaler in
39 addition to the brand manufactured or marketed by the distilled
40 spirits rectifier, the distilled spirits manufacturer or the distilled

1 spirits manufacturer's agent that purchased the advertising space
2 or time.

3 (b) Any purchase of advertising space or time pursuant to
4 subdivision (a) shall be conducted pursuant to a written contract
5 entered into by the beer manufacturer, the holder of the
6 winegrower's license, the distilled spirits rectifier, the distilled
7 spirits manufacturer, or the distilled spirits manufacturer's agent
8 and the on-sale licensee, or with respect to clause (ii) of
9 subparagraph (N) of paragraph (1) of subdivision (a), the major
10 tenant of the outdoor stadium.

11 (c) Any beer manufacturer or holder of a winegrower's license,
12 any distilled spirits rectifier, any distilled spirits manufacturer, or
13 any distilled spirits manufacturer's agent who, through coercion
14 or other illegal means, induces, directly or indirectly, a holder of
15 a wholesaler's license to fulfill all or part of those contractual
16 obligations entered into pursuant to subdivision (a) or (b) shall be
17 guilty of a misdemeanor and shall be punished by imprisonment
18 in the county jail not exceeding six months, or by a fine in an
19 amount equal to the entire value of the advertising space, time, or
20 costs involved in the contract, whichever is greater, plus ten
21 thousand dollars (\$10,000), or by both imprisonment and fine. The
22 person shall also be subject to license revocation pursuant to
23 Section 24200.

24 (d) Any on-sale retail licensee, as described in subdivision (a),
25 who, directly or indirectly, solicits or coerces a holder of a
26 wholesaler's license to solicit a beer manufacturer, a holder of a
27 winegrower's license, a distilled spirits rectifier, a distilled spirits
28 manufacturer, or a distilled spirits manufacturer's agent to purchase
29 advertising space or time pursuant to subdivision (a) or (b) shall
30 be guilty of a misdemeanor and shall be punished by imprisonment
31 in the county jail not exceeding six months, or by a fine in an
32 amount equal to the entire value of the advertising space or time
33 involved in the contract, whichever is greater, plus ten thousand
34 dollars (\$10,000), or by both imprisonment and fine. The person
35 shall also be subject to license revocation pursuant to Section
36 24200.

37 (e) For the purposes of this section, "beer manufacturer" includes
38 any holder of a beer manufacturer's license, any holder of an

- 1 out-of-state beer manufacturer's certificate, or any holder of a beer
- 2 and wine importer's general license.

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